

Claims

- [c1] 1. A method performed with respect to a stock company, shares of stock of the company trading at a price, the method further performed with respect to a holder of a financial instrument, the instrument having a market price, the method comprising the steps of:
issuing the financial instrument indicative of a principal amount at maturity and receiving an issue price therefor;
promising, pursuant to the financial instrument, to repay said principal upon predetermined conditions and according to a predetermined term;
promising, pursuant to the financial instrument, to convert the instrument into a number of shares of stock of the company;
promising, pursuant to the financial instrument, to make a payment to the holder with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity; and
converting the instrument upon request.
- [c2] 2. The method of claim 1 wherein the predetermined relationship is that a predetermined function of the market price of the instrument is greater than 120 percent of the instrument's accreted value.
- [c3] 3. The method of claim 2 wherein the predetermined function of the market price is the average market price for a measurement period.
- [c4] 4. The method of claim 1 wherein the time interval is six months.
- [c5] 5. The method of claim 3 wherein the amount of the payment is selected to be the greater of:
an amount of any dividend per share of the stock in the interval multiplied by the number of shares of stock into which the instrument may be converted, or
a predetermined percentage of the average market price of the instrument for the measurement period.

- [c6] 6. The method of claim 1 wherein the payment is made over time.
- [c7] 7. The method of claim 1 wherein the payment is made by adjusting the principal amount.
- [c8] 8. The method of claim 1 wherein the amount of the payment is determined as a function of a value selected from the set consisting of: such dividends as holder of the underlying security would normally receive; a value of a predetermined index; a value of a reference security; a value of a pool of securities; a value of a pool of indices, and a value of a pool of securities and indices.
- [c9] 9. The method of claim 1 further comprising the step of:
taking a tax deduction based upon a yield at which the issuer would issue a fixed-rate, nonconvertible debt instrument comparable to the financial instrument.
- [c10] 10. A financial instrument issued by a stock company and held by a holder, shares of stock of the company trading at a price, the instrument having a market price, the instrument comprising:
provision obligating the company to repay the principal according to a predetermined term;
a provision making the instrument convertible into a predetermined number of shares of stock of the company at a predetermined conversion price;
a provision obligating the company to make a payment to the holder with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity.
- [c11] 11. The financial instrument of claim 10 wherein the predetermined relationship is that a predetermined function of the market price of the instrument is greater than 120 percent of the instrument's accreted value.
- [c12] 12. The financial instrument of claim 11 wherein the predetermined function of

the market price is the average market price for a measurement period.

[c13] 13. The financial instrument of claim 11 wherein the time interval is six months.

[c14] 14. The financial instrument of claim 12 wherein the amount of the payment is selected to be the greater of:

an amount of any dividend per share of the stock in the interval multiplied by the number of shares of stock into which the instrument may be converted, or a predetermined percentage of the average market price of the instrument for the measurement period.

[c15] 15. The financial instrument of claim 10 wherein the payment is made over time.

[c16] 16. The financial instrument of claim 10 wherein the payment is made by adjusting the principal amount.

[c17] 17. The financial instrument of claim 10 wherein the amount of the payment is determined as a function of a value selected from the set consisting of: such dividends as holder of the underlying security would normally receive; a value of a predetermined index; a value of a reference security; a value of a pool of securities; a value of a pool of indices, and a value of a pool of securities and indices.

[c18] 18. An offering document offering a financial instrument issued by a stock company and held by a holder, shares of stock of the company trading at a price, the instrument having a market price, the instrument comprising:
a provision obligating the company to repay the principal according to a predetermined term;
a provision making the instrument convertible into a predetermined number of shares of stock of the company at a predetermined conversion price;
a provision obligating the company to make a payment to the holder with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal

amount at maturity.

[c19] 19. The offering document of claim 18 wherein the predetermined relationship is that a predetermined function of the market price of the instrument is greater than 120 percent of the instrument's accreted value.

[c20] 20. The offering document of claim 19 wherein the predetermined function of the market price is the average market price for a measurement period.

[c21] The offering document of claim 18 wherein the time interval is six months.

[c22] 22. The offering document of claim 20 wherein the amount of the payment is selected to be the greater of:

an amount of any dividend per share of the stock in the interval multiplied by the number of shares of stock into which the instrument may be converted, or a predetermined percentage of the average market price of the instrument for the measurement period.

[c23] 23. The offering document of claim 18 wherein the payment is made over time.

[c24] 24. The offering document of claim 18 wherein the payment is made by adjusting the principal amount.

[c25] 25. The offering document of claim 18 wherein the amount of the payment is determined as a function of a value selected from the set consisting of: such dividends as holder of the underlying security would normally receive; a value of a predetermined index; a value of a reference security; a value of a pool of securities; a value of a pool of indices, and a value of a pool of securities and indices.

[c26] 26. A method performed with respect to a stock company, shares of stock of the company trading at a price, the method further performed with respect to a holder of a financial instrument, the instrument having a market price, the method comprising the steps of:
issuing the financial instrument indicative of a principal amount at maturity and receiving an issue price therefor;
promising, pursuant to the financial instrument, to repay said principal upon

predetermined conditions and according to a predetermined term;
 promising, pursuant to the financial instrument, to convert the instrument into
 a number of shares of stock of the company;
 promising, pursuant to the financial instrument, to make a payment to the
 holder with respect to a contingency, the contingency a function of the market
 price of the instrument;
 converting the instrument upon request; and
 taking a tax deduction based upon a yield at which the issuer would issue a
 fixed-rate, nonconvertible debt instrument comparable to the financial
 instrument.

[c27] 27. The method of claim 26 wherein the payment is made with respect to
 passage of a time interval in the event the market price of the instrument is in a
 predetermined relationship to an accreted value thereof, the accreted value
 defined as the issue price of the instrument plus an economic accrual of a
 portion of a difference between the issue price and the principal amount at
 maturity.

[c28] 28. The method of claim 27 wherein the predetermined relationship is that a
 predetermined function of the market price of the instrument is greater than
 120 percent of the instrument's accreted value.

[c29] 29. The method of claim 28 wherein the predetermined function of the market
 price is the average market price for a measurement period.

[c30] 30. The method of claim 26 wherein the time interval is six months.

[c31] 31. The method of claim 29 wherein the amount of the payment is selected to
 be the greater of:
 an amount of any dividend per share of the stock in the interval multiplied by
 the number of shares of stock into which the instrument may be converted, or
 predetermined percentage of the average market price of the instrument for the
 measurement period.

[c32] 32. The method of claim 26 wherein the payment is made over time.

- [c33] 33. The method of claim 26 wherein the payment is made by adjusting the principal amount.
- [c34] 34. The method of claim 26 wherein the amount of the payment is determined as a function of a value selected from the set consisting of: such dividends as holder of the underlying security would normally receive; a value of a predetermined index; a value of a reference security; a value of a pool of securities; a value of a pool of indices, and a value of a pool of securities and indices.
- [c35] 35. An offering document offering a financial instrument comprising issued by a stock company and held by a holder, shares of stock of the company trading at a price, the instrument having a market price, the instrument comprising:
a provision obligating the company to repay the principal according to a predetermined term;
a provision making the instrument convertible into a predetermined number of shares of stock of the company at a predetermined conversion price;
a provision obligating the company to make a payment to the holder upon a contingency;
the offering document further comprising an indication that the issuer will report income to the holder based upon a yield at which the issuer would issue a fixed-rate, nonconvertible debt instrument comparable to the financial instrument.
- [c36] 36. The offering document of claim 35 in which the contingency is with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity.
- [c37] 37. The offering document of claim 35 wherein the predetermined relationship is that a predetermined function of the market price of the instrument is greater than 120 percent of the instrument's accreted value.

- [c38] 38. The offering document of claim 37 wherein the predetermined function of the market price is the average market price for a measurement period.
- [c39] 39. The offering document of claim 36 wherein the time interval is six months.
- [c40] 40. The offering document of claim 35 wherein the amount of the payment is selected to be the greater of:
an amount of any dividend per share of the stock in the interval multiplied by the number of shares of stock into which the instrument may be converted, or
a predetermined percentage of the average market price of the instrument for the measurement period.
- [c41] 41. The offering document of claim 35 wherein the payment is made over time.
- [c42] 42. The offering document of claim 35 wherein the payment is made by adjusting the principal amount.
- [c43] 43. The offering document of claim 35 wherein the amount of the payment is determined as a function of a value selected from the set consisting of: such dividends as holder of the underlying security would normally receive; a value of a predetermined index; a value of a reference security; a value of a pool of securities; a value of a pool of indices, and a value of a pool of securities and indices.
- [c44] 44. A method performed with respect to a stock company, shares of stock of the company trading at a price, the method further performed with respect to a holder of a financial instrument, the instrument having a market price, the method comprising the steps of:
issuing the financial instrument indicative of a principal amount at maturity and receiving an issue price therefor;
promising, pursuant to the financial instrument, to repay said principal upon predetermined conditions and according to a predetermined term;
promising, pursuant to the financial instrument, to convert the instrument into a number of shares of stock of the company;
promising, pursuant to the financial instrument, to make a payment to the holder with respect to a contingency, the contingency a function of the market

price of the instrument or the market price of the stock, wherein the payment is made with respect to passage of a time interval in the event the market price of the instrument or the market price of the stock is in a predetermined relationship to a principal amount; converting the instrument upon request; and taking a tax deduction based upon a yield at which the issuer would issue a fixed-rate, nonconvertible debt instrument comparable to the financial instrument.

- [c45] 45. The method of claim 44 wherein the predetermined relationship is that a predetermined function of the market price of the instrument or the market price of the stock is greater than 120 percent of the instrument's accreted value.
- [c46] 46. The method of claim 45 wherein the predetermined function of the market price is the average market price for a measurement period.
- [c47] 47. The method of claim 44 wherein the time interval is six months.
- [c48] 48. The method of claim 44 wherein the amount of the payment is selected to be the greater of:
an amount of any dividend per share of the stock in the interval multiplied by the number of shares of stock into which the instrument may be converted, or a predetermined percentage of the average market price of the instrument for the measurement period.
- [c49] 49. The method of claim 44 wherein the payment is made over time.
- [c50] 50. The method of claim 44 wherein the payment is made by adjusting the principal amount.
- [c51] 51. The method of claim 44 wherein the amount of the payment is determined as a function of a value selected from the set consisting of: such dividends as holder of the underlying security would normally receive; a value of a predetermined index; a value of a reference security; a value of a pool of securities; a value of a pool of indices, and a value of a pool of securities and indices.

[c52] 52. An offering document offering a financial instrument comprising issued by a stock company and held by a holder, shares of stock of the company trading at a price, the instrument having a market price, the instrument comprising:
a provision obligating the company to repay the principal according to a predetermined term;
a provision making the instrument convertible into a predetermined number of shares of stock of the company at a predetermined conversion price;
a provision obligating the company to make a payment to the holder with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity;
the offering document further comprising an indication that the issuer will report income to the holder based upon a yield at which the issuer would issue a fixed-rate, nonconvertible debt instrument comparable to the financial instrument.

[c53] 53. The offering document of claim 52 wherein the predetermined relationship is that a predetermined function of the market price of the instrument is greater than 120 percent of the instrument's accreted value.

[c54] 54. The offering document of claim 53 wherein the predetermined function of the market price is the average market price for a measurement period.

[c55] 55. The offering document of claim 52 wherein the time interval is six months.

[c56] 56. The offering document of claim 54 wherein the amount of the payment is selected to be the greater of:
an amount of any dividend per share of the stock in the interval multiplied by the number of shares of stock into which the instrument may be converted, or
a predetermined percentage of the average market price of the instrument for the measurement period.

[c57] 57. The offering document of claim 52 wherein the payment is made over time.

- [c58] 58. The offering document of claim 52 wherein the payment is made by adjusting the principal amount.
- [c59] 59. The offering document of claim 52 wherein the amount of the payment is determined as a function of a value selected from the set consisting of: such dividends as holder of the underlying security would normally receive; a value of a predetermined index; a value of a reference security; a value of a pool of securities; a value of a pool of indices, and a value of a pool of securities and indices
- [c60] 60. A method performed with respect to a financial instrument defined with respect to an underlying security, the underlying security trading at a price, the method further performed with respect to a holder of the financial instrument, the instrument having a market price, the method comprising the steps of: issuing the financial instrument and receiving an issue price therefor; promising, pursuant to the financial instrument, to convert the instrument into a number of the underlying securities, or to exchange the instrument for a number of the underlying securities; promising, pursuant to the financial instrument, to make a payment to the holder with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an issue price, a principal amount or a liquidation preference; and converting or exchanging the instrument upon request.
- [c61] 61. The method of claim 60 wherein the predetermined relationship is that a predetermined function of the market price of the instrument is greater than 120 percent of the instrument's accreted value.
- [c62] 62. A financial instrument held by a holder, the instrument having a market price, the instrument comprising:
a provision making the instrument convertible or exchangeable into a predetermined number of an underlying security at a predetermined conversion or exchange price;
a provision obligating the company to make a payment to the holder with respect to passage of a time interval in the event the market price of the

instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity.

[c63] 63. The financial instrument of claim 62 wherein the predetermined relationship is that a predetermined function of the market price of the instrument is greater than 120 percent of the instrument's accreted value.

[c64] 64. The financial instrument of claim 63 wherein the predetermined function of the market price is the average market price for a measurement period.

[c65] 65. The financial instrument of claim 63 wherein the time interval is six months.

[c66] 66. The financial instrument of claim 62 wherein the payment is made over time.

[c67] 67. The financial instrument of claim 62 wherein the payment is made by adjusting the principal amount.

[c68] 68. The financial instrument of claim 62 wherein the amount of the payment is determined as a function of a value selected from the set consisting of: such dividends as holder of the underlying security would normally receive; a value of a predetermined index; a value of a reference security; a value of a pool of securities; a value of a pool of indices, and a value of a pool of securities and indices.

[c69] 69. An offering document offering a financial instrument held by a holder, the instrument having a market price, the instrument comprising:
 provision making the instrument convertible or exchangeable into a predetermined number of an underlying security at a predetermined conversion or exchange price;
 a provision obligating the company to make a payment to the holder with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic

accrual of a portion of a difference between the issue price and the principal amount at maturity.

[c70] 70. The offering document of claim 69 wherein the predetermined relationship is that a predetermined function of the market price of the instrument is greater than 120 percent of the instrument's accreted value.

[c71] 71. The offering document of claim 70 wherein the predetermined function of the market price is the average market price for a measurement period.

[c72] 72. The offering document of claim 69 wherein the time interval is six months.

[c73] 73. The offering document of claim 69 wherein the payment is made over time.

[c74] 74. The offering document of claim 69 wherein the payment is made by adjusting the principal amount.

[c75] 75. The offering document of claim 69 wherein the amount of the payment is determined as a function of a value selected from the set consisting of: such dividends as holder of the underlying security would normally receive; a value of a predetermined index; a value of a reference security; a value of a pool of securities; a value of a pool of indices, and a value of a pool of securities and indices.

[c76] 76. A method performed with respect to a financial instrument defined with respect to an underlying security, the underlying security trading at a price, the method further performed with respect to a holder of the financial instrument, the instrument having a market price, the method comprising the steps of: issuing the financial instrument and receiving an issue price therefor; promising, pursuant to the financial instrument, to convert the instrument into a number of the underlying securities, or to exchange the instrument for a number of the underlying securities; promising, pursuant to the financial instrument, to make a payment to the holder upon the occurrence of a contingency of economic significance that is not remote or incidental; and converting or exchanging the instrument upon request.

- [c77] 77. A financial instrument relating to an underlying security, the underlying security trading at a price, the instrument having a market price, the instrument comprising:
- a provision making the instrument convertible or exchangeable into a predetermined number of the underlying security at a predetermined conversion or exchange price;
 - a provision obligating the company to make a payment to the holder with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity.
- [c78] 78. The financial instrument of claim 77 wherein the predetermined relationship is that a predetermined function of the market price of the instrument is greater than 120 percent of the instrument's accreted value.
- [c79] 79. The financial instrument of claim 78 wherein the predetermined function of the market price is the average market price for a measurement period.
- [c80] 80. The financial instrument of claim 78 wherein the time interval is six months.
- [c81] 81. The financial instrument of claim 77 wherein the payment is made over time.
- [c82] 82. The financial instrument of claim 77 wherein the payment is made by adjusting the principal amount.
- [c83] 83. The financial instrument of claim 77 wherein the amount of the payment is determined as a function of a value selected from the set consisting of: such dividends as holder of the underlying security would normally receive; a value of a predetermined index; a value of a reference security; a value of a pool of securities; a value of a pool of indices, and a value of a pool of securities and indices.
- [c84] 84. An offering document offering a financial instrument relating to an

underlying security, the underlying security trading at a price, the instrument having a market price, the instrument comprising:

a provision making the instrument convertible or exchangeable into a predetermined number of the underlying security at a predetermined conversion or exchange price;

a provision obligating the company to make a payment to the holder with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity.

[c85] 85. The offering document of claim 84 wherein the predetermined relationship is that a predetermined function of the market price of the instrument is greater than 120 percent of the instrument's accreted value.

[c86] 86. The offering document of claim 85 wherein the predetermined function of the market price is the average market price for a measurement period.

[c87] 87. The offering document of claim 84 wherein the time interval is six months.

[c88] 88. The offering document of claim 84 wherein the payment is made over time.

[c89] 89. The offering document of claim 84 wherein the payment is made by adjusting the principal amount.

[c90] 90. The offering document of claim 84 wherein the amount of the payment is determined as a function of a value selected from the set consisting of: such dividends as holder of the underlying security would normally receive; a value of a predetermined index; a value of a reference security; a value of a pool of securities; a value of a pool of indices, and a value of a pool of securities and indices.

[c91] 91. A method performed with respect to a stock company, shares of stock of the company trading at a price, the method further performed with respect to a holder of a financial instrument, the instrument having a market price, the

method comprising the steps of:

issuing the financial instrument indicative of a principal amount at maturity and receiving an issue price therefor;

promising, pursuant to the financial instrument, to repay said principal upon predetermined conditions and according to a predetermined term;

promising, pursuant to the financial instrument, to convert the instrument into a number of shares of stock of the company;

promising, pursuant to the financial instrument, to make a payment to the holder with respect to a contingency;

converting the instrument upon request; and

taking a tax deduction based upon a yield at which the issuer would issue a fixed-rate, nonconvertible debt instrument comparable to the financial instrument.

[c92]

92. An offering document offering a financial instrument relating a stock company, shares of stock of the company trading at a price, the instrument having a market price, the instrument comprising:

a provision obligating the company to repay the principal according to a predetermined term;

a provision making the instrument convertible into a predetermined number of shares of stock of the company at a predetermined conversion price;

a provision obligating the company to make a payment to the holder with respect to a contingency;

the offering document further comprising an indication that the issuer will report income to the holder based upon a yield at which the issuer would issue a fixed-rate, nonconvertible debt instrument comparable to the financial instrument.

[c93]

93. A method performed with respect to an entity, the method further performed with respect to a holder of a financial instrument, the instrument having a market price, the method comprising the steps of:

issuing the financial instrument indicative of a principal amount at maturity and receiving an issue price therefor;

promising, pursuant to the financial instrument, to repay said principal upon

predetermined conditions and according to a predetermined term;
promising, pursuant to the financial instrument, to exchange the instrument for a number of shares of stock of a company;
promising, pursuant to the financial instrument, to make a payment to the holder with respect to a contingency;
exchanging the instrument upon request; and
taking a tax deduction based upon a yield at which the issuer would issue a fixed-rate, nonconvertible debt instrument comparable to the financial instrument.

[c94] 94. The method of claim 93 wherein the company is a parent of the entity.

[c95] 95. An offering document offering a financial instrument, the instrument having a market price, the instrument comprising:
a provision making the instrument exchangeable into a predetermined number of shares of stock of a company;
a provision obligating the company to make a payment to the holder with respect to a contingency;
the offering document further comprising an indication that the issuer will report income to the holder based upon a yield at which the issuer would issue a fixed-rate, nonconvertible debt instrument comparable to the financial instrument.